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BEFORE THE HOUSE GOVERNMENT REFORM SUBCOMMITTEE ON
FEDERALISM AND THE CENSUS

“Historic Preservation vs. Katrina: What Role Should Federal, State and Local Governments Play in Preservation of Historic Properties Affected by These Catastrophic Storms?”

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Chairman Turner, Ranking Member Clay, and distinguished members of the subcommittee, I am H. T. Holmes, director of the Mississippi Department of Archives and History and State Historic Preservation Officer for Mississippi. Thank you for the opportunity to testify before you today concerning damage to historic properties caused by Hurricane Katrina and the roles that federal, state, and local governments should play in the preservation of historic properties in the areas affected by the hurricane.

One of Mississippi’s favorite sons, William Faulkner, characterized the South’s fascination with history by the observation that, for Southerners, “The past is never dead. In fact, it’s not even past.” While Faulkner may have exaggerated a bit, it is an undisputed fact that Mississippians are very passionate about their history. Perhaps because Mississippi’s history is largely the story of peoples’ struggles against the extremes – extremes of wealth and poverty, of power and disenfranchisement, and of man and nature -- that our state has produced such a remarkably rich and varied culture. Those same struggles may also be the reason Mississippi’s sons and daughters seem to cherish their history so much. It defines who we are as a people.

The agency that I direct, the Department of Archives and History, is a good example of our state's long-standing appreciation for history. We are the second oldest such state agency in the nation and have comprehensive responsibilities for historic properties, museums, and state and local government records programs, as well as managing the state's official library and archives.

Mississippians' profound concerns for their heritage were exhibited by their immediate demand for news about the condition of various historic buildings and sites following the onslaught of Hurricane Katrina. That was especially true for Jefferson Davis's last home, known as *Beauvoir*, which is probably the state's most well-known historic house. Almost in the same breath with which they sought information about the safety of friends and loved-ones, many Mississippians also inquired about the condition of *Beauvoir*, and were greatly relieved to learn that the house had, indeed, survived, although severely damaged.

One such devoted Mississippian, Charles Gray, president of the Hancock County Historical Society, returned to Bay St. Louis, one of the Mississippi cities over which the eye of the storm passed, to find that his beautifully restored antebellum home and its magnificent collection of historical artwork and antiques were completely destroyed. Even in the face of such personal tragedy and loss, Mr. Gray turned his attentions to repairing the nineteenth-century building that houses the Historical Society and its extensive collections of documents, photographs, and artifacts. Thanks to Mr. Gray's efforts, within days the Historical Society's headquarters was restored and functioning again, and he graciously made it available to teams of architects and engineers assembled by the Department of Archives and History, the

National Trust for Historic Preservation, and the Association for Preservation Technology for use as an office while they were inspecting damage to buildings in Bay St. Louis's historic districts. Mr. Gray is serving as a local point of contact and a conduit of information between the Department of Archives and History and local citizens concerned about the preservation of their damaged historic properties. There are many such stories of heroic efforts by local citizens to rescue their history.

Hurricane Katrina dealt a deadly blow to more than three hundred of Mississippi's buildings listed in the National Register of Historic Places. Among the Mississippi Gulf Coast's well-known historic landmarks that were completely destroyed are the circa 1800 French and Spanish Creole mansions known as Elmwood Manor and the Old Spanish Custom House; the mid-nineteenth-century Greek Revival mansions Grasslawn and Tullis-Toledano Manor; the late-Victorian cottages known as the Brielmaier House, the Fisherman's Cottage, and the Pleasant Reed House; the 1890 vacation cottage of Chicago architect and "father of the skyscraper" Louis Sullivan; the early twentieth-century artist compound Shearwater Pottery, studio of the renowned Anderson family; and virtually the entire Scenic Drive Historic District in Pass Christian, often referred to as the "Newport of the South" for its once magnificent collection of vacation "cottages" of wealthy Southern families.

These great houses that lined Mississippi's Gulf Coast were works of architectural art. Seldom has there been exhibited a more harmonious and successful blending of architectural responses to practical climatic need and artistic aesthetic as was illustrated in these buildings. In many ways, the Mississippi Gulf Coast was the northern-most reach of the Caribbean

culture, and much of its architecture bore a closer resemblance to that of some Caribbean islands than to the upland South or other areas of the country. Its houses were wrapped by spacious porches (or “galleries,” as we call them) that shaded the buildings from the intense sunlight, caught the refreshing Gulf breezes, and provided comfortable places for their residents to seek respite from the region’s often oppressive heat. These galleries were for all practical purposes living rooms whose “walls” were mostly composed of columns and balustrades. We can still learn many lessons about pleasing design and energy conservation from their construction.

The region’s museums and libraries were also hard hit. For instance, only the chimney remains of the once charming Pleasant Reed House Museum, the restored 1880s cottage of Biloxi carpenter and African-American leader Pleasant Reed. Only the roof and a few scant sections of walls survive from the old Coast Guard cadet barracks that for many years housed Biloxi’s popular Maritime and Seafood Industry Museum. The museum’s staff has had great difficulty in securing heavy equipment to excavate much of the museum’s valuable collection from the building rubble. Pass Christian’s old public library, a virtual time capsule from the turn of the twentieth century, under restoration when Katrina hit, was swept away with scarcely a trace of its existence.

Because *Beauvoir* was the retirement home of former Confederate President Jefferson Davis, it has received much national and international news media attention. Even if Davis’s role in the Civil War is discounted, there would be no denying that he is among the most important figures in American history. A hero of the Mexican War, Davis served in both Houses of

Congress and as Secretary of War under President Franklin Pierce. In the latter role, Davis instituted reforms that modernized the U.S. military, and he supervised plans for the expansion of the U. S. Capitol, which resulted in the design of the building as we know it today. *Beauvoir* was designated as a National Historic Landmark by the Secretary of the Interior in 1971.

The distinctive design and sturdy construction of *Beauvoir* permitted it to withstand a tidal surge of more than twenty feet that swept through the site. Of a building type known as a “raised cottage,” which is a bit of a misnomer for a mansion-sized structure like *Beauvoir*, the house is elevated on massive twelve-foot-high brick foundation piers that form an above-ground basement. Although the house sustained extensive damage from the impact of such an enormous storm surge, it was this construction technique that allowed the main body of the building to survive in relatively sound condition, with portraits still on the walls of the interior where the Davises hung them more than a century ago. Other structures on the property, such as the Civil War museum housed in the 1920s hospital building constructed when the estate served as a Confederate veterans’ home, did not fare as well. More than 17,000 historic artifacts were scattered over the eighty-acre estate or buried under tons of building rubble. As soon as trucks and fuel could be secured following the storm, staff members of the Department of Archives and History began assisting *Beauvoir*’s staff in excavating and evacuating as many artifacts as possible. Although many important artifacts and documents stored in the vault of the Jefferson Davis Presidential Library survived safely, a systematic effort to locate and excavate many other irreplaceable items scattered about the property continues at the present. Initial estimates are that it will cost between \$10 and \$12 million to

restore *Beauvoir*, which is obviously well beyond the means of the private non-profit organization that operates this museum property to accomplish on their own. Without doubt, government assistance will be required. Failure to do so would likely result in the property's ultimate demise and would further compound a tragedy already of epic proportions.

Of course, not all of the cultural resources affected by Hurricane Katrina are as immediately recognizable or well-known as *Beauvoir*, but are also a significant part of Mississippi's historic fabric. For example, the Turkey Creek Community, located near the Gulfport-Biloxi airport, was founded by a group of former slaves shortly after the Civil War. Today, most residents are descendants of these former slaves and many still reside in their ancestral homes. Already struggling to survive as a distinct African-American community, the residents of Turkey Creek, suffered extensive flooding during the storm, but are committed to restoring and maintaining their unique sense of place. The Department of Archives and History, recently declared its determination that the community is eligible for listing in the National Register of Historic Places.

We must also remember that it was not only the Gulf Coast that was hit hard by Katrina. The hurricane was still at or near category two status when it roared through central Mississippi. Historic downtowns and residential neighborhoods in cities like Hattiesburg, Columbia, and Picayune also suffered extensive damage. Mississippi's Old Capitol building, a National Historic Landmark and home of the state's historical museum, in Jackson lost much of its roof. Rain water poured through the building, destroying plaster ceilings and decorative ornaments and soaking thousands of the state's finest historical artifacts. The damage was so

extensive that the museum has been closed for the foreseeable future while efforts are underway to restore the structure and conserve damaged artifact collections.

Immediately after the hurricane, staff members of the Department's Historic Preservation Division began overlaying maps of National Register historic districts with NOAA aerial photographic imagery to produce a preliminary projection of the numbers of historic properties destroyed by the storm. Within days, the Division began fielding teams to verify the preliminary estimates and collect additional data and photographs documenting the extent of damage to historic buildings. This effort was hampered by the Historic Preservation Division's small staff and the lack of an operational base on the Gulf Coast, necessitating daily excursions from Jackson, more than 150 miles distant. Despite these difficulties, by the end of September, more than 1,200 historic properties that survived the hurricane had been documented across 100 miles of the Mississippi Gulf Coast. During this period, the executive director of the Mississippi Heritage Trust dedicated much of his time to the survey effort, functioning almost as a member of the Historic Preservation Division staff. Timely completion of the work would likely not have been possible without his assistance.

At the same time, contacts were initiated with organizations such as the National Trust for Historic Preservation (NTHP), the Heritage Emergency National Task Force, the Association for Preservation Technology (APT), the National Conference of State Historic Preservation Officers (NCSHPO), and sister State Historic Preservation Offices (SHPOs), seeking financial and volunteer assistance to undertake more detailed analysis of the condition of several severely damaged historic buildings. Thanks to funding assistance from the NTHP and

NCSHPO and volunteer architects, engineers and preservation specialists from APT and the SHPOs, by September 18, the first technical inspection team was fielded with the following goals:

- 1) Meet with public officials and individual historic homeowners who desire a structural inspection of their damaged historic properties.
- 2) Structurally assess as many of the historic properties as possible that have been deemed unsafe for occupancy by the local building officials.

As of October 15, three teams have been fielded and detailed reports completed on a total of 125 damaged historic structures. FEMA fielded its first team of similar preservation professionals in Mississippi on October 10. One of the truly rewarding aspects of this operation has been the ability to provide property owners with accurate evaluations of the condition of their historic buildings and guidance on how or whether to proceed with rehabilitation. During disasters, rumors run rampant; many citizens fear that there will be a wholesale demolition of damaged buildings, even if they are restorable. It helps property owners to have accurate information upon which to base their decisions. Plans are to continue this process until all damaged historic properties have been assessed.

I have provided the above background on activities related to Hurricane Katrina recovery to illustrate that, while many, many Mississippians are concerned about and committed to the preservation of their communities' and our state's historic properties, the magnitude of the damage is so great that accomplishing the task will require much involvement from government at all levels. In that light, the Department of Archives and History has worked closely with other agencies, both state and federal, with local governments, and with private

relief organizations to provide much needed services. Among these partners, of course, has been the Federal Emergency Management Agency (FEMA). Our experience in working with FEMA has, frankly, been a mixture of reassurance and frustration. The reassurance is found in the dedication and professionalism of the FEMA cultural resource representatives who, like our own staff, are faced with an emergency situation of catastrophic proportions. In working with our staff on temporary housing and debris removal issues, and in seeking solutions for the important tasks of stabilizing and preserving those historic structures that survived the devastation of Hurricane Katrina, we have witnessed their long hours and attention to detail. However, we have also been frustrated at the seemingly slow pace of implementing those proposed solutions on the ground. Specifically, there are ongoing concerns, often voiced by anxious citizens, that, as the removal of “debris” continues in the most devastated areas, historic structures that are still salvageable will be swept away along with the debris, completing by human hands the devastation wrought by Katrina and losing forever any hope of salvaging the historic ties Mississippians cherish on the Gulf Coast. While FEMA officials have continued to assure us that the resources we have identified as salvageable are being protected, the situation on the ground is still uncertain. To improve the situation, FEMA and other agencies involved in the relief effort must seek ways to clarify their respective roles and enhance communication. Greater on-site support personnel and funding for the gathering and dissemination of resource data are desperately needed to insure that the work is being accomplished in a way that is sensitive to the concerns of private property owners and to our priceless cultural resources.

RECOMMENDATIONS

The Department of Archives and History collaborated with the National Trust for Historic Preservation in preparing a proposal for a three-pronged disaster assistance package to provide the communities and individuals in the hurricane devastated areas the tools needed to rescue what remains of their heritage. Because the damage is so wide-spread and the destruction of such immense proportions, these tools will, of necessity, have to come primarily from the highest levels of government. It is only by enactment of a package similar to the one outlined below that there will be much hope of saving and restoring large numbers of historic properties in Mississippi.

1. Establish Historic Preservation Disaster Relief Grants

- Create a two-year, \$60 million grant program from the federal Historic Preservation Fund for repairing damaged historic properties.
- Funds should be used for preservation projects and planning, including the preservation, stabilization, rehabilitation, and repair of historic structures and sites listed in or eligible for listing in the National Register, and for the Mississippi Main Street Association for business and technical assistance for Main Street districts.
- Projects receiving insurance payments and other state or federal credits or grants should be eligible for Historic Preservation Disaster Relief Grants, but should clearly demonstrate that these funds would be used for projects not fully covered by insurance or other state or federal funding sources.
- Grants should be administered by the State Historic Preservation Officer in each State, with a small percentage of the total grants available for use in off-setting administrative costs and should be available to non-federal owners of National Register or National Register-eligible properties including, individuals, non-profit organizations and developers.
- A non-federal match should not be required, but a preservation easement that would protect the public investment in the historic properties should be executed by each grant recipient.

2. Establish A Disaster Relief Historic Homeowner Assistance Tax Credit

- Create a tax credit program of 30 percent of qualified rehabilitation expenditures made by persons who rehabilitate historic homes located in the Hurricane Katrina Disaster Area and used as a principal residence. Limit the credit to \$40,000 total.
- The credit should be refundable for lower income persons (\$30,000 in income for individuals; \$60,000 for married filing joint return), so that those with incomes too low to benefit from the credit may still use the incentive.
- The program should define "qualified rehabilitation expenditure" in a manner similar to the existing historic rehabilitation tax credit (Sec. 47 of IRC) except that it applies to capital improvements on non-depreciable property (certified rehabilitation of a qualified historic home). Not less than five percent of expenses must be for improvements to the exterior.
- The program should benefit owners of "qualified historic homes" that need to be substantially rehabilitated and the property must be owned by the taxpayer and serve as his principal residence. "Substantially rehabilitated" would mean that a minimum of \$5,000 must be spent on qualified rehabilitation expenditures.

3. Provide Waivers to the Existing Historic Preservation Tax Credit for Commercial Properties

- Provide a reasonable period of time to place properties back into service to avoid recapture penalties. Recapture of the credit should not apply if a property is repaired and placed back into service within a reasonable period of time, and that for properties damaged by Katrina, that period will be at least three years, or longer as circumstances warrant.
- Permit property owners to use the \$5,000 minimum threshold for hurricane-related repair work. All building owners repairing Hurricane-Katrina-related damage should be treated as having satisfied the substantial rehabilitation test if they spend in excess of \$5,000 on qualifying basis eligible expenditures, irrespective of their prior adjusted bases in the buildings.
- Waive recapture for properties destroyed by Hurricane Katrina. Hurricane Katrina caused such widespread devastation that some properties have been completely destroyed. Others have not suffered a total casualty but have irreplaceably lost their historic integrity. In either case, owners of such buildings still in the five year recapture period are subject to recapture. This rule creates a double loss for these owners and will diminish the resources that they can draw upon to help rebuild the region generally.
- Waive recapture for properties subject to default. A foreclosure, deed in lieu of foreclosure or other transfer in connection with the satisfaction of defaulted obligations to a lender triggers recapture, again creating a double loss to property

owners. Recapture should be temporarily waived with respect to buildings that are disposed of for the benefit of a lender in connection with a borrower default that occurs during the next twelve months.

- Permit property owners to treat rehabilitation costs as capital expenditures. Only rehabilitation expenses that are capital costs (i.e., not currently deductible) are eligible for the credit. This will eliminate investor uncertainty and pave the way for syndicated tax credit equity to flow into projects as a source of financing repairs.
- Permit property owners additional time to complete rehabilitation projects. In general, qualifying rehabilitation expenditures must be incurred within a 24-month period. Owners should be permitted to use the 60-month rule for rehabilitation projects that were underway prior to the hurricane or that include repair of hurricane damage.

In closing, Mississippians now face a staggering task in attempting to rehabilitate the historic buildings that survived Hurricane Katrina and in recapturing the sense of place that existed in their communities prior to August 29, 2005. The loss of so many wonderful historic structures makes those that remain all the more important to preserve and restore. They will become the symbols of stability and continuity around which the communities will rebuild.

Several staff members at the Department of Archives and History now keep a photo by their desks to constantly remind them of the Gulf Coast's amazing spirit of resilience. It's of a hand-painted sign on a piece of salvaged plywood in front of *Beauvoir*, and it reads "Half-Time Score: Katrina 1, Beauvoir 0-- BUT THE GAME IS NOT OVER YET!" In deed, the game is not yet over, but it is only with the encouragement, commitment, and cooperation at all levels of government that the game will ultimately be won!